

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 AGRE-00 INT-05 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01

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FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 623

INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: ETRD, OTRA, EG, USSR

SUBJECT: EGYPTIAN/SOVIET TRADE TALKS TO RESUME

REF: (A) 76 CAIRO 15973, (B) 76 CAIRO 16058, (C) 76 CAIRO 16413

1. CAIRO PRESS, QUOTING INFORMED SOURCES, ANNOUNCED JANUARY 13 THAT SOVIET TRADE DELEGATION HEADED BY SOVIET DEPUTY MINISTER OF FOREIGN TRADE GRESHIN, WILL VISIT CAIRO BEGINNING JANUARY 25 TO CONTINUE ECONOMIC AND TRADE TALKS BEGUN IN NOVEMBER 1976 (REFTELS). PRESS REPORTS ALSO STATE THAT SOVIET DELEGATION WILL EXPLORE POSSIBILITIES FOR COOPERATION IN FIELDS OF ECONOMY AND INDUSTRY AND WILL RAISE POSSIBILITY OF LONG-TERM BILATERAL AGREEMENTS IN THESE AREAS. CITING SOURCES IN MOSCOW, PRESS SAYS THAT ATMOSPHERE OF OPTIMISM PREVAILS FOR UPCOMING TALKS AND NOTES THAT MR. GRESHIN'S DELEGATION IS FIRST HIGH-LEVEL SOVIET DELEGATION TO VISIT CAIRO SINCE ABROGATION OF SOVIET FRIENDSHIP TREATY IN MARCH, 1976.

2. ON JANUARY 14 MINISTRY OF TRADE OFFICIAL IS QUOTED BY PRESS AS SAYING THAT 1977 PROTOCOL WILL REPRESENT LIMITED OFFICIAL USE

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TRADE BETWEEN TWO COUNTRIES TOTALING 400 MILLION POUNDS STERLING. SOURCE SAYS THIS IS INCREASE OF SOME 60 MILLION POUNDS STERLING OVER 1976. (ESTIMATE ALSO IS INCREASE OVER 385 MILLION STERLING FIGURE MENTIONED LAST NOVEMBER.) OFFICIAL FURTHER SAID THAT STUDY OF EGYPTIAN REQUIREMENTS FOR IMPORTS FROM SOVIET UNION, AS WELL AS LIST OF EXPECTED EGYPTIAN EXPORTS TO USSR, IS UNDER

PREPARATION. MENTIONED AS DESIRED IMPORTS ARE FROZEN FISH, CHEMICALS, PAPER AND PAPER PRODUCTS, COAL, PETROLEUM PRODUCTS, FERTILIZERS, AND MINERALS. EXPECTED EXPORTS ARE RICE, ONIONS, GARLIC, COTTON, CITRUS FRUITS AND INCREASED AMOUNTS OF TOURIST ARTIFACTS, LEATHER PRODUCTS, WOODEN FURNITURE, AND READY-MADE AND KNITTED CLOTHES. PRESS REPORTS ALSO NOTE THAT IMPORTS OF COAL WOULD BE 300,000 TONS (ABOUT HALF OF EGYPT'S YEARLY IMPORTS OF THIS COMMODITY.)

3. COMMENT. PRESS SPECULATION ABOUT 1977 AGREEMENT IS STANDARD GOE NEGOTIATING TACTIC USED TO PUT PRESSURE ON FOREIGN NEGOTIATORS. INTERESTINGLY, LIST OF COMMODITIES TO BE IMPORTED HAS BEEN EXPANDED BY EGYPTIANS SINCE NOVEMBER TALKS TO INCLUDE LARGER AMOUNT OF COAL AND, FOR FIRST TIME, PETROLEUM PRODUCTS. THIS MAY INDICATE DECISION TO TRY TO NEGOTIATE INCLUSION OF PRODUCTS WHICH NORMALLY REQUIRE HEAVY FOREIGN EXCHANGE EXPENDITURE IN SOVIET CLEARING HOUSE AGREEMENT. IF THIS IS TRUE, 1977 AGREEMENT TAKES ON MORE THAN USUAL SIGNIFICANCE FOR OVERALL FOREIGN EXCHANGE BUDGET.

4. RECENT STATEMENTS MADE BY BOTH PRESIDENT SADAT AND FOREIGN MINISTER FAHMY MAY POSSIBLY AFFECT REPORTED OPTIMISTIC ATMOSPHERE SURROUNDING TALKS. PRESIDENT SADAT TOLD NORWEGIAN JOURNALIST THAT RELATIONS WITH SOVIETS ARE EXTREMELY STRAINED. HE ADDED THAT DELEGATIONS TRAVEL AND HAVE TALKS BUT DECIDE NOTHING. (CAIRO 714) FAHMY TOLD PEOPLES ASSEMBLY FOREIGN AFFAIRS COMMITTEE LIMITED OFFICIAL USE

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JANUARY 11, THAT IF SOVIETS DESIRE BETTER RELATIONS WITH EGYPT, IT IS NOT ENOUGH TO OFFER MORE BILATERAL ASSISTANCE (AS IS IMPLIED IN SPECULATION OVER UPCOMING TALKS), BUT THEY MUST ALSO SUPPORT EGYPT IN INTERNATIONAL ARENA.
MATTHEWS

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